

Digital Marketing on Sales Effectiveness and Market Expansion for Msmes: A Literature Review

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Abstract

This literature review explores the impact of digital marketing on the sales effectiveness and market expansion of MSMEs. It examines the role of digital strategies such as Search Engine Optimization (SEO), Pay-Per-Click (PPC), and social media in enhancing the visibility and reach of MSMEs in the digital world. These strategies help MSMEs rank higher on search engines and target specific customer segments, thus improving market access and conversion rates. However, the adoption of digital marketing by MSMEs is challenged by limited technological knowledge and inadequate access to digital infrastructure, especially in rural areas. The review highlights the importance of government and institutional support, including training programs, digital platform access, and financial assistance, to help MSMEs leverage digital technologies effectively. Furthermore, the review discusses how digitalization initiatives, such as e-commerce and digital payment systems, contribute to MSME growth and competitiveness. By synthesizing existing research, this study underscores the synergy between digital marketing strategies and MSME empowerment in fostering long-term business sustainability and economic growth. The findings suggest that overcoming digital adoption challenges with proper support mechanisms can enhance MSMEs' market presence and sales performance in a competitive digital economy.

Keywords

Digital Marketing, MSMEs, Market Expansion, Sales Effectiveness.

1. Introduction

In addition to social media, digital strategies such as Search Engine Optimization (SEO) and Pay-Per-Click (PPC) help MSMEs increase their visibility in the digital world. SEO enables MSME websites to rank higher on search engines when consumers look for relevant products, making it easier for potential customers to find the MSME in question. PPC, on the other hand, allows MSMEs to target ads more specifically according to user interests and location, increasing the likelihood that relevant consumers will see the advertisement (Shanahan et al., 2019; Keong, 2020). By utilizing these strategies, MSMEs can significantly expand their market reach and increase conversion potential, which is essential for their business sustainability.

The adoption of digital marketing by MSMEs faces its own set of challenges. Challenges include limited knowledge and understanding of digital technology and inadequate access to internet infrastructure, which hinder the effective implementation of digital marketing strategies, particularly in rural areas (Quyen, 2020). Many MSMEs still lack a full understanding of how to optimally utilize digital platforms for marketing their products (Anggraeni, 2020; Ramdan, 2022). These challenges highlight the importance of external support from the government and related institutions, including training and counseling to help MSMEs make the most of digital technology in growing their businesses.

In response, the Indonesian government and various institutions have initiated programs to support MSME digitalization by providing access to digital platforms and training to improve technological skills (Micheli et al., 2019). These digitalization programs aim to assist small and medium-sized businesses in leveraging digital technologies such as e-commerce, social media, and digital payment applications (Aljarboa, 2024). Additionally, partnerships with financial institutions have been facilitated to provide easier access to financing, where this support is expected to drive long-term growth for MSMEs and strengthen their competitiveness in an increasingly digital market. These combined digital marketing and digitalization initiatives for MSMEs underscore the importance of synergy between technological innovation and MSME empowerment in building a sustainable economy. By utilizing digital marketing, MSMEs have a great opportunity to expand markets, increase visibility, and strengthen relationships with consumers (Heryadi et al., 2024). Although they face challenges, adequate support in the form of technology access, training, and financing can help MSMEs overcome obstacles and adapt to digital developments. Digital marketing is not merely a marketing strategy; it is a crucial key for MSMEs to grow and compete effectively in the increasingly competitive global economy. Therefore, this literature review will focus on the following research question:

RQ1: How does digital marketing impact sales effectiveness and market expansion?

2. Methods

This study employs a literature review approach to analyze the role of digital marketing, particularly through social media, in driving business success and sustainability. The research will systematically collect, evaluate, and synthesize existing studies on various aspects of digital marketing, including social media engagement, influencer marketing, Electronic Word-Of-Mouth (eWOM), and sustainable marketing strategies (Sheth & Parvatiyar, 2021). The literature will be drawn from peer-reviewed journal articles, books, and reputable conference proceedings published in the last decade. Key themes will be identified, such as the impact of digital marketing on customer loyalty, purchasing decisions, and business performance, with a focus on small and SMEs and their role in poverty alleviation and economic growth. The review will also explore the moderating effects of customer traits (e.g., conscientiousness) and the effectiveness of different social media platforms (e.g., Facebook, WeChat, Instagram) in enhancing customer engagement. The analysis will include studies conducted in various geographical contexts, with a particular emphasis on emerging economies like Indonesia (Games & Rendi, 2019). By synthesizing findings from diverse sources, this study will provide a comprehensive understanding of the relationship between digital marketing and business sustainability, offering insights into how businesses can leverage digital tools to achieve long-term success in a competitive, digital-first world (Khan, 2022).

3. Results

Digital marketing has become a critical tool for sustainable growth in businesses which emphasizes the importance of implementing sustainable marketing strategies and environmentally friendly business models. The research highlights the role of social networks and user-generated content, which allow companies to gather relevant data for constructing effective marketing strategies (Cappa et al., 2021). By leveraging digital platforms, businesses can build measurable and sustainable online campaigns, ultimately pushing for growth while ensuring environmental responsibility. This approach not only drives business success but also aligns with global sustainability goals. In the context of Indonesia, Explores the significant contribution of micro, small, and medium enterprises (MSMEs) to poverty reduction. Through empirical data spanning from 1997 to 2018, the study demonstrates how MSMEs play a pivotal role in increasing income and absorbing labor, thus reducing poverty in the country (Purnomo & Istiqomah, 2019). The research shows that MSMEs not only provide economic opportunities but also contribute significantly to improving living standards by creating jobs and enhancing income, offering a sustainable solution to poverty alleviation in emerging economies like Indonesia (Olken, 2019). Examine the role of digital marketing channels in influencing consumer purchasing decisions in the Jordanian market, specifically focusing on online advertising, social media, email marketing, and search engines. The study highlights the moderating effect of Electronic Word-Of-Mouth (eWOM),

which significantly strengthens the impact of digital marketing on consumer decisions. This research underscores the power of digital marketing as a tool for shaping consumer behavior in the digital age, where online reviews and recommendations further influence purchasing decisions, making it a valuable asset for businesses. Focus on the importance of digital engagement strategies, particularly in social media marketing, for small businesses. Based on a case study of an artisan food company in Ireland, the research identifies four key social media capabilities: connection, engagement, coordination, and collaboration (Nugroho et al., 2021). These capabilities enable small businesses to foster relationships with business partners and customers through shared content, collaborative events, and direct interactions. The findings confirm that social media is not just a communication tool but also a means of developing sustainable B2B relationships, demonstrating its crucial role in business growth and sustainability in the digital landscape.

Examined the impact of digital marketing and e-commerce on the sustainability of MSME businesses in Indonesia during the COVID-19 pandemic. The results reveal that digital marketing significantly influences financial performance and business sustainability by enhancing market reach and brand awareness. Although e-commerce contributes positively to the sustainability of MSMEs, it does not show a significant effect on financial performance. The research emphasizes the importance of incorporating digital marketing strategies to help MSMEs navigate challenges, especially during crises like the pandemic (Elangovan et al., 2020). Furthermore, explored the role of social media in inside sales, highlighting its strategic significance in increasing digital engagement between salespeople and customers. The use of social media by sales forces was found to improve sales performance by strengthening digital engagement, even without direct interaction. The success of this strategy is largely supported by the availability of digital technologies within companies, which enhance the effectiveness of social media usage. The findings suggest that social media is transforming traditional sales processes, enabling businesses to engage customers more effectively in the digital age (Kumar et al., 2021).

Investigated how social media advertising features, such as entertainment elements and promotional incentives, influence consumer intentions to consume and share content. The study, conducted among tourists visiting integrated resort casinos in Macau, shows that entertainment and promotional incentives directly increase consumption intentions, while social media dependence also drives sharing intentions (Sullivan & Koh, 2019). Additionally, customer engagement mediates the relationship between advertising features and consumption intentions, indicating that stronger engagement on social media amplifies the impact of advertisements on consumer behaviour. Moreover, examined the effects of social media post characteristics on customer engagement, focusing on elements such as title clarity, post positioning, and User-Generated Content (UGC) on WeChat. The study found that compelling titles and prominent post positions increase readership, while stories and UGC are more effective at generating likes and comments. The research

highlights the importance of strategically using these social media elements to strengthen customer engagement, loyalty, and brand image, suggesting that effective social media strategies can significantly enhance consumer interactions and brand connections (Zollo et al., 2020).

Investigated the influence of e-payment and e-commerce services on the supply chain performance of MSMEs in Indonesia. The findings show that the adoption of digital tools positively impacts supply chain efficiency and promotes open innovation, accelerating the digital transformation of MSMEs. The research recommends collaboration between the government and MSMEs to enhance digitalization efforts, thereby improving national competitiveness. The study emphasizes that the integration of e-payment and e-commerce services is essential for MSMEs to remain competitive and improve their operational performance in the digital era (Li et al., 2020). Examined the potential of Customer Engagement (CE) on social media as a predictor of operating revenue in SMEs. The study analyzed data from one hundred SMEs in Spain over eight. The results indicate that when social media management is handled internally by non-specialist staff, customer engagement does not serve as an indicator for estimating operational income. However, when social media management is outsourced to specialized professionals and combined with other digital marketing actions like Search Engine Optimization (SEO), Search Engine Marketing (SEM), email marketing, and e-commerce, customer engagement can effectively predict operational income (Meire et al., 2019). This suggests that the success of social media engagement as a revenue booster depends significantly on the approach to social media management adopted by the company.

Investigated the role of Social Media Marketing (SMM) in predicting customer involvement in Online Food Delivery Apps (OFDA) in Saudi Arabia. The study used PLS-SEM and NCA to analyze the data. The results show that activities like informativeness and promotions from word-of-mouth (WoM) in SMM positively influence customer involvement in OFDA. This involvement, in turn, significantly predicts key behavioral outcomes, including brand loyalty, customer referrals, purchase intentions, and overall customer satisfaction (Dam et al., 2021). The research highlights the importance of leveraging social media marketing strategies to engage customers and foster desirable behaviors within the food delivery app sector. explored the importance of social media marketing for the performance of MSMEs in Indonesia. The study highlights that social media marketing has a significant impact on the performance of MSMEs (Kimathi et al., 2019). With the rapid growth of digital technology, MSMEs in Indonesia are encouraged to adopt social media platforms to meet business demands and enhance growth opportunities. The findings suggest that social media allows businesses to instantly connect with potential customers, promote new products and services, and increase brand visibility, ultimately improving business performance. Focused on the drivers of social media use among SMEs in Jordan and its impact on brand awareness and

customer engagement (Alkhasoneh et al., 2024). The study identifies several factors that motivate SMEs to utilize social media for marketing, including performance expectancy and social influence. The findings underline the crucial role of social media in enhancing brand awareness and fostering customer engagement. By leveraging social media, SMEs in Jordan can effectively reach their target audiences and improve their brand presence in a competitive business landscape (Alqudah, 2023).

Examined the mediating role of social media marketing effectiveness in the relationship between customer engagement dimensions (cognitive, emotional, transactional, behavioral, and social) and brand loyalty, focusing on Amazon as a retail brand store. The findings reveal that cognitive, emotional, transactional, and social engagement have a positive effect on both brand loyalty and social media marketing effectiveness (Helme & Magnoni, 2019). However, behavioral engagement has a negative impact. The study concludes that social media marketing effectiveness positively influences brand loyalty and mediates the connection between customer engagement dimensions and brand loyalty. Studied the role of Tri Hita Karana-based business strategy and digital marketing in improving sustainable business performance, with a focus on traditional ikat weaving MSMEs in Bali. The results indicate that digital marketing strategy has a positive, albeit not statistically significant, influence on sustainable business performance (Ch'ng et al., 2021). However, with government support and an environmental orientation through the application of Tri Hita Karana, this influence becomes both positive and significant. The study emphasizes the importance of optimizing digital marketing strategies and government support for sustainable business development in MSMEs. Explored the influence of digital marketing, particularly firm-generated content, on fast-food consumption in the United Arab Emirates (UAE) (Sohail et al., (2024). The findings show a positive and significant relationship between firm-generated content, especially through social media marketing, and customer engagement on social media. This engagement, in turn, influences purchase behavior. The study highlights the role of firm-generated content in shaping consumer behavior in the fast-food industry through digital marketing (Al-Abdallah, (2024).

Explored how social media content marketing influences customer engagement. The study, conducted on WeChat users in China, found that different types of content marketing—infotainment, remunerative, and relational—significantly impacted customer engagement. This, in turn, contributed to key marketing outcomes such as customer loyalty and Word-Of-Mouth (WOM). The research underscores the strategic value of tailored social media content in enhancing customer engagement and driving positive marketing results (Shafiq et al., 2023). Examined the spillover effects of customer engagement on social media, focusing on the moderating role of customer conscientiousness. The study, using a survey of Facebook users in Denmark, found that brand involvement significantly predicted engagement with brand-related content. Additionally, the personality trait of

conscientiousness was found to strengthen the spillover effects, suggesting that customer conscientiousness plays an important role in enhancing the effectiveness of customer engagement efforts on social media. Conducted a meta-analysis to investigate the impact of social media influencers on customer engagement and purchase intention. The results revealed that influencer characteristics such as homophily, trustworthiness, credibility, product expertise, informative value, entertainment value, and attractiveness had moderate to high correlations with customer engagement and purchase intention (Siqi & Yee, 2021). Among these attributes, the entertainment value of influencers showed the strongest relationship with customer engagement, while influencer credibility had the greatest influence on purchase intention, highlighting the importance of these traits in shaping consumer behavior.

4. Discussion

The research across various studies highlights the growing significance of digital marketing, particularly through social media, as a driver of business success and sustainability. The studies emphasize the importance of leveraging social media platforms and content marketing strategies to engage customers, foster brand loyalty, and influence purchasing behavior. Focusing on sustainable marketing strategies, highlighting the crucial role of digital marketing for MSMEs, the findings collectively underscore how digital engagement, e-commerce, and social media have become indispensable tools for businesses, especially in emerging economies like Indonesia and Jordan (Klasen et al., 2021). Digital marketing's power is further emphasized in studies like, which explore its impact on consumer decisions, and which stress its role in small business growth via social media engagement. The research also demonstrates how digital tools like social media marketing, eWOM, and influencer characteristics directly impact customer behavior and engagement. Moreover, the integration of digital marketing strategies with traditional business models, further illustrate that the digital landscape is reshaping both customer engagement and business operations. These findings collectively support the argument that businesses must adopt digital marketing strategies to remain competitive and sustainable in today's fast-evolving marketplace (Ji et al., 2024).

These findings emphasize that digital marketing holds significant potential to support the development of MSMEs in Indonesia; however, its implementation still faces several challenges that must be addressed. Although digital marketing has proven effective in expanding market reach and enhancing customer engagement, there remains a gap in the adoption of optimal digital marketing practices among MSMEs (Kimathi et al., 2019). The low adoption of social media marketing, particularly among small businesses, raises questions about the accessibility and technological readiness of MSMEs, as well as the infrastructure support provided to them. This indicates that, despite positive evidence, the effectiveness of digital

marketing cannot be fully realized without sufficient capacity-building and access for MSMEs.

While digital marketing has the potential to improve the competitiveness of MSMEs in the market, it should be noted that the success of this strategy heavily depends on the quality of relationships between business actors and consumers, along with sustainable policy support from the government. Although some businesses have shown improved performance through digital marketing adoption, its long-term impact will be stronger if accompanied by policies aimed at technological development and digital training for MSMEs (Aminullah et al., 2024). This suggests that digital marketing is not merely about the use of tools or platforms but is a strategy that requires synergy between technological capabilities, human resources capacity, and regulatory support to ensure sustainability and effectiveness for MSMEs in the long run.

5. Conclusion

Digital marketing, particularly through social media, has become a vital tool for business success and sustainability. It enables companies to enhance brand visibility, foster customer loyalty, and drive purchasing decisions. Sustainable marketing strategies, including environmentally friendly practices, align businesses with global sustainability goals while promoting growth. Small and medium-sized enterprises (SMEs), especially in emerging economies, benefit significantly from digital tools, as they help reduce poverty, improve income, and create job opportunities. Social media platforms like Facebook, WeChat, and Instagram provide businesses with effective ways to engage with customers and strengthen brand connections. Customer engagement is further boosted by factors such as influencer credibility, electronic word-of-mouth (eWOM), and tailored content. These elements contribute to driving customer loyalty and encouraging positive word-of-mouth. Overall, businesses must leverage digital marketing strategies to remain competitive, adapt to market changes, and ensure long-term success in an increasingly digital world.

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